Government of Saskatchewan

Financial Statement 2003-2004

Saskatchewan Learning

Saskatchewan Correspondence School

Saskatchewan Centennial 2005

105-00259/

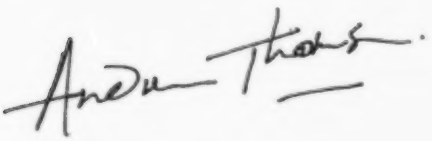
Letter of Transmittal

The Honourable Dr. Lynda M Haverstock
Lieutenant Governor
Province of Saskatchewan

Your Honour,

I have the honour to submit for your consideration the Financial Statements of the Saskatchewan Correspondence School for the year ending March 31, 2004.

Respectfully submitted,



Andrew Thomson
Minister of Learning

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2004

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Saskatchewan Correspondence School Revolving Fund as at March 31, 2004 and the statements of operations and accumulated operating surplus/deficit and changes in accumulated net recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
July 29, 2004

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
BALANCE SHEET
As At March 31

ASSETS

	2004	2003
Current Assets		
Petty cash	$ 225	$ 225
Accounts receivable	168,165	297,533
Inventories	60,496	46,574
Prepaid expenses	-	6,556
	228,886	350,888
Capital assets (Note 6)	-	56,433
Accumulated net recovery (Statement 3)	295,985	97,818
	$ 524,871	$ 505,139

LIABILITIES AND EQUITY

Current Liabilities		
Accounts payable and accrued liabilities	$ 33,537	$ 124,772
Unearned revenue	508,576	369,331
	542,113	494,103
Fund Equity		
Accumulated operating (deficit) surplus (Statement 2)	(17,242)	11,036
	$ 524,871	$ 505,139

(See accompanying notes to the financial statements)

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/DEFICIT
For the Year Ended March 31

	2004 Budget (Note 10)	2004 Actual	2003 Actual
Revenue:			
Sales	$ 254,447	$ 255,497	$ 234,209
Less: Cost of goods sold	134,857	107,055	109,994
Gross profit	119,590	148,442	124,215
Registration fees	117,040	128,600	115,258
Tuition fees	1,279,769	1,097,968	1,142,395
Other revenue	4,560	3,769	7,266
Total Revenue	1,520,959	1,378,779	1,389,134
Expenses:			
Salaries	1,680,000	1,595,331	1,638,010
Marking fees	35,800	25,641	31,163
Computer support and maintenance	45,000	35,612	57,319
Telephone expense	24,000	24,216	23,995
Advertising and printing	19,000	18,200	18,200
Amortization	12,096	16,525	25,853
Office and educational expenses	45,000	32,722	44,493
Postage	83,000	87,231	87,808
Other	16,000	10,579	11,768
Total Expenses	1,959,896	1,846,057	1,938,609
Net (loss) from Operations	(438,937)	(467,278)	(549,475)
Subsidy from General Revenue Fund	439,000	439,000	624,000
Net (loss) income (Note 8)	$ 63	(28,278)	74,525
Accumulated operating surplus (deficit), beginning of year		11,036	(63,489)
Accumulated operating (deficit) surplus, end of year - to Statement 1		$ (17,242)	$ 11,036

(See accompanying notes to the financial statements)

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY
For the Year Ended March 31

	2004	2003
Financing (provided by) required for operating activities:		
Net loss (income)	$ 28,278	$ (74,525)
Items not affecting working capital -Amortization	(16,525)	(25,853)
Net (decrease)/increase in working capital items related to operations (Note 7)	(170,011)	149,608
	(158,258)	49,230
Financing required for capital activities:		
Purchase of capital assets	14,432	45,622
Net (decrease)/increase	(143,826)	94,852
Accumulated net (recovery), beginning of year	(97,818)	(192,670)
Transfer of Capital Assets (Note 6)	(54,341)	-
Accumulated net (recovery), end of year to Statement 1	$ (295,985)	$ (97,818)

(See accompanying notes to the financial statements)

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

1. Authority and Definition of Entity

The Revolving Fund was established April 1, 1990, pursuant to Section 11 of *The Education Act, 1995*. The purpose of the Saskatchewan Correspondence School Revolving Fund is to provide educational services at the high school level, Grades 9-12, to Saskatchewan residents through distance education.

2. Significant Accounting Policies

These financial statements have been prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 8. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirements is the cash outflow from/to the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditures/(Recovery)

The accumulated net expenditure/(recovery) of the Revolving Fund includes the following:

i) The net increase/(decrease) in financing requirements for each fiscal year; and

ii) The book value of assets acquired at no charge from or transferred to another government agency.

c) Capital Assets

Capital assets are recorded at cost. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated surplus. Donated equipment is recorded at fair market value.

Amortization is provided on office and audio/visual equipment on a straight-line basis at an annual rate of 20% from the date of acquisition. Computer software and hardware are amortized at an annual rate of 25% from the date of acquisition.

d) Inventory

Inventory is valued at the lower of average cost and net realizable value.

e) Revenue recognition

Revenue from tuition fees is recorded in income as the services are provided.

3. Authorized Financing

Section 11(12) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. By Order in Council 776/90 the maximum amount has been set at $1,200,000.

4. Disposition of Accumulated Operating Surplus or Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit of the Correspondence School Revolving Fund is $100,000.

5. Tuition Fees and Other Related Costs

The Revolving Fund's Correspondence school tuition fees and other related recoverable costs are described in the annual Correspondence School Calendar. These costs and tuition fees are reviewed periodically with the view to operating the Revolving Fund as close to the break even point as possible.

6. Capital Assets

In January, 2004, Treasury Board approved the transfer of the Revolving Fund's capital assets to the Department of Learning. This transfer occurred on March 31, 2004 at net book value. The assets' cost of $958,956 and accumulated amortization of $904,615 have been reduced to $nil and the accumulated net expenditure has been reduced by the net book value of $54,341. In the future, the Department will provide use of capital assets to the Revolving Fund.

	2004			2003
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Office & audio/visual equipment	$ 0	$ 0	$ 0	$ 3,656
Computer hardware/software	0	0	0	19,456
Office furniture	0	0	0	33,321
Total	$ 0	$ 0	$ 0	$ 56,433

7. Net Change in Working Capital Items Related to Operations

	2004	2003
(Decrease)/increase in accounts receivable	$ (129,368)	$ 159,261
(Decrease)/increase in prepaid expenses	(6,556)	1,285
Increase/(decrease) in inventories	13,922	(7,880)
Decrease/(increase) in accounts payable and accrued liabilities	91,235	(13,779)
(Increase)/decrease in unearned revenue	(139,244)	10,721
	$ (170,011)	$ 149,608

8. Amount Reported in Public Accounts

The net (expenditure)/recovery of the Revolving Fund reported in the Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2004	2003
Net (loss) income	$ (28,278)	$ 74,525
(Increase)/decrease in inventory balance	(13,922)	7,880
Decrease/(increase) in net capital assets	2,093	(19,769)
Amounts not included in Public Accounts due to timing	89,243	214,838
Net (expenditure)/recovery reported in Public Accounts	$ 49,136	$ 277,474

9. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2004	2003
Telephone	$ 24,216	$ 23,995
Postage	87,231	87,808

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision is reflected in these financial statements.

10. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

11. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable and accrued liabilities. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net recovery has been omitted because it is not practicable to determine the fair value with sufficient reliability.